

Message Text

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PAGE 01 JIDDA 00135 071045Z
ACTION NEA-10

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C O N F I D E N T I A L JIDDA 0135

STADIS//////////

FOR ASSISTANT SECRETARY ATHERTON

E.O. 11652: GDS
TAGS: PFOR, SA, US, XF
SUBJECT: THE YEAR OF THE CRUNCH

1. YOU WILL RECALL THAT FAHD BIN ABDULAZIZ INFORMED US IN THE SPRING OF 1976, PRIOR TO THE OPEC MEETING AT BALI, THAT SAUDI ARABIA WOULD BLOCK AN INCREASE IN OIL PRICES DUE TO HIS GOVERNMENTS CONCERN ABOUT THE EFFECT AN INCREASE WOULD HAVE ON THE ECONOMIES OF THE UNITED STATES, WESTERN EUROPE AND THE LESS DEVELOPED COUNTRIES. THAT INFORMATION WAS TRANSMITTED IMMEDIATELY TO THE SECRETARY. THE SAUDIS KEPT THEIR WORD AND EVENTUALLY WE RECEIVED INSTRUCTIONS TO EXPRESS THANKS.

2. THE IMMEDIATE AFTERMATH OF SAUDI ACTION WAS SOME RESTRAINED ANALYSIS AND RECOGNITION IN THE UNITED STATES OF WHAT HAD BEEN ACHIEVED BY OUR FRIENDS. THEN, OFFICIAL WASHINGTON, INCLUDING STATE, SETTLED BACK COMFORTABLY. THE LACK OF INTEREST ON OUR PART WAS PROBABLY DUE TO THE FACT THAT ALL OTHER MEMBERS OF OPEC HAD FOLLOWED THE SAUDIS AND IT WAS THEREFORE TAKEN FOR GRANTED THAT "OPEC WAS LEARNING". NOBODY GAVE MUCH THOUGHT TO THE NEXT MEETING.

3. ON SEPTEMBER 8, FOR THE SECOND TIME THAT YEAR, WE TRANS-
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MITTED A SIMILAR ASSURANCE TO THE EFFECT THAT THE KING WOULD NOT APPROVE A PRICE RISE AT THE DECEMBER MEETING OF OPEC AT DOHA. AS IT TURNED OUT HE DID COMPROMISE TO THE EXTENT OF ACCEPTING A FIVE PERCENT RISE, WHILE ORDERING INCREASED PRODUCTION, AS YOU KNOW.

4. AFTER OUR ELECTION, AND PRIOR TO THE MEETING AT DOHA, WE

RECEIVED FOR THE FIRST TIME ENCOURAGEMENT AND VERY USEFUL ASSISTANCE WHICH HELPED CONSIDERABLY IN FIRING UP SAUD RESOLVE.

5. THE PURPOSE OF THIS MESSAGE IS TO URGE THAT NEA TAKE THE LEAD IN REMINDING EVERYONE CONCERNED THAT THE CLOCK IS AGAIN RUNNING DOWN. THE NEXT OPEC MEETING COMES CLOSER WITH EVERY PASSING DAY. THE PERIOD BETWEEN NOW AND THE EVENT WILL BE MUCH MORE COMPLEX BECAUSE OF THE EXPOSED POSITION OF THE SAUDI LEADERS AS A RESULT OF THEIR ACTION AT DOHA. IF, DURING THE NEXT FEW MONTHS WE HAVE A REPETITION OF THE KINDS OF CONGRESSIONAL ACTIONS THAT OCCURRED OR WERE PROPOSED BEFORE THE LAST CONGRESS ADJOURNED THEN THERE WILL BE DIFFICULTY OF A SERIOUS NATURE OUT HERE, AND NO AMOUNT OF JAWBONING WILL HELP. WE HAVE, IN OTHER WORDS, SEEN THE LAST OF THE SOMETHING-FOR-NOTHING ERA.

6. TO BE SPECIFIC, WE NEED TWO THINGS: THEY ARE CONGRESSIONAL RESTRAINT AND AN EVEN-HANDED MOVE BY THE UNITED STATES TOWARD A MIDDLE EAST SETTLEMENT WITHOUT CAROUSELS OR ROPE TRICKS.

7. IF I MAY BE SO BOLD AS TO OFFER SOME ADVICE, I'D SAY DROP EVERYTHING AND CONCENTRATE ON THIS ONE. NOTHING ELSE IN THE NEA SPECTRUM IS SO IMPORTANT FOR OUR PEOPLE.

8. SOME AT HOME ARE PROPAGATING THE IDEA, NOT WITHOUT ULTERIOR MOTIVES, THAT THERE WAS NEVER A MORE PROPITIOUS TIME FOR A SETTLEMENT. THAT IS BUNK. THE POSITIONS HAVE HARDENED CONSIDERABLY OVER THE YEARS. ISRAEL IS NOW TEN TIMES LARGER THAN THE ORIGINAL STATE AND IMMENSELY MORE POWERFUL. THE ARABS
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HAVE ACHIEVED A SOMEWHAT BETTER MILITARY CAPABILITY AND ARE MUCH STRONGER ECONOMICALLY SPEAKING. WHAT IS SO PROPITIOUS ABOUT ALL THAT? SO LET'S NOT DECEIVE THE PUBLIC. INSTEAD, LET'S TELL THEM THE GOING WILL BE VERY TOUGH AND THE PROCESS PROLONGED, BUT THE EFFORT MUST BE MADE.

9. THIRTY YEARS AGO, WHEN I LEFT THE PALESTINE DESK FOR JERUSALEM, A SENIOR OFFICER PREDICTED "A VERY TOUGH YEAR IN THE NEAR EAST". HE WAS RIGHT. JUST THIRTY YEARS LATER, I'M PREDICTING THIS WILL BE ANOTHER.

10. HAPPY NEW YEAR*
PORTER

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